

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2008

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COUNTY OF SHASTA

Single Audit Report
For the Year Ended June 30, 2008

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GALLINA_{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors and Grand Jury
County of Shasta
Redding, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Shasta, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Shasta Regional Transportation Planning Agency and the Shasta County Children and Families Commission, as described in our report on the County of Shasta's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Shasta's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Board of Supervisors and Grand Jury
County of Shasta

Internal Control Over Financial Reporting (continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Shasta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, the Board of Supervisors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 23, 2008



GALLINA^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors and Grand Jury
County of Shasta
Redding, California

Compliance

We have audited the compliance of the County of Shasta, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Shasta's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Shasta's management. Our responsibility is to express an opinion on the County of Shasta's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Shasta's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Shasta's compliance with those requirements.

In our opinion, the County of Shasta complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-SA-1 and 08-SA-2.

Board of Supervisors and Grand Jury
County of Shasta

Internal Control Over Compliance

The management of the County of Shasta is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Shasta's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Shasta's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-SA-1 and 08-SA-2 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirements of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-SA-2 to be a material weakness.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Shasta as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. Our audit was performed for the purpose of forming opinions on the

Board of Supervisors and Grand Jury
County of Shasta

Schedule of Expenditures of Federal Awards (continued)

financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Supplementary Statements of Grant Expenditures have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 23, 2008

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Cooperative Forestry Assistance:			
Cooperative Patrol	10.664	--	\$ 21,215
Cooperative Law Enforcement, Drug Suppression	10.664	--	20,226
Subtotal Direct			<u>41,441</u>
Passed through State Department of Food and Agriculture: ✓			
Plant and Animal Disease, Pest Control, and Animal Care			
Glassy-Winged Sharpshooter Pierce's Disease Program	10.025	07-0173	75,258
Light Brown Apple Moth	10.025	07-0860	18,597
Organic Inspection	10.025	07-0272	285
Pest Detection Trapping	10.025	07-0650	38,509
School Breakfast Program	10.553	--	51,018
Subtotal Pass-Through			<u>183,667</u>
Passed through State Department of Education: ✓			
National School Lunch Program	10.555	--	<u>92,198</u>
Passed through State Department of Forestry and Fire: ✓			
Cooperative Forestry Assistance:			
Volunteer Fire Assistance	10.664	7FG700400	<u>9,990</u>
Passed through State Department of Health Services: ✓			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	52421	795,934
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	52407	268,138
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 *	51360	762,645
Subtotal Pass-Through			<u>1,826,717</u>
Passed through State Department of Social Services: ✓			
Supplemental Nutrition Assistance Program - Food Stamps	10.551 *	--	18,700,178
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 *	--	1,916,439
Subtotal Pass-Through			<u>20,616,617</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u> (continued)			
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	--	\$ 2,069,126
Total U.S. Department of Agriculture			\$ 24,839,756
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228 *	04-EDBG-1031	53,415
HOME Investment Partnership Program	14.239 *	05-HOME-01683	479,755
Section 8 Housing Choice Vouchers	14.871 *	--	2,955,293
Total U.S. Department of Housing and Urban Development			\$ 3,488,463
<u>U.S. Department of Interior</u>			
Direct Program:			
Recreation Resource Management	15.225	--	103,281
Total U.S. Department of Interior			\$ 103,281
<u>U.S. Department of Justice</u>			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	--	82,050
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	--	100,090
Edward Byrne Memorial Formula Grant Program	16.579	--	215,025
Subtotal Direct			397,165
Passed through State Office of Emergency Services:			
Crime Victim Assistance:			
Child Abuse Treatment Program	16.575	AT06030450	61,848
Child Abuse Treatment Program	16.575	AT07040450	101,041
Victim Witness Assistance Program	16.575	VW07260450	83,732

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice (continued)</u>			
Passed through State Office of Emergency Services (continued):			
Edward Byrne Memorial Justice Assistance Grant Program			
Marijuana Suppression	16.738	MS07180450	\$ 177,169
Shasta Interagency Narcotic Task Force	16.738	DC07200450	174,032
Subtotal Pass-Through			<u>597,822</u>
Passed through State Board of Control: ✓			
Juvenile Accountability Block Grants	16.523	CSA 116-07	<u>12,653</u>
Total U.S. Department of Justice			<u>\$ 1,007,640</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106 *	--	<u>2,032,995</u>
Passed through State Department of Transportation: ✓			
Highway Planning and Construction	20.205 *	BHLS-5906(076)	50,664
Highway Planning and Construction	20.205 *	BHLS-5906(077)	17,865
Highway Planning and Construction	20.205 *	BPMP-5906(082)	6,588
Highway Planning and Construction	20.205 *	BRLO-5906(064)	169,881
Highway Planning and Construction	20.205 *	BRLO-5906(069)	94,037
Highway Planning and Construction	20.205 *	BRLO-5906(070)	346,491
Highway Planning and Construction	20.205 *	BRLO-5906(071)	11,636
Highway Planning and Construction	20.205 *	BRLO-5906(072)	98,941
Highway Planning and Construction	20.205 *	BRLO-5906(079)	12,751
Highway Planning and Construction	20.205 *	BRLS-5906(055)	7,250,759
Highway Planning and Construction	20.205 *	BRLS-5906(063)	50,674
Highway Planning and Construction	20.205 *	ER-4408(001)	61,332
Highway Planning and Construction	20.205 *	ER-4408(002)	44,265
Highway Planning and Construction	20.205 *	HRRRL-5906(084)	49,596
Highway Planning and Construction	20.205 *	RSTPLE-5906(075)	65,527
Highway Planning and Construction	20.205 *	STPLH-5906(067)	76,020
Subtotal Pass-Through			<u>8,407,027</u>
Passed through State Department of Health Services:			
State and Community Highway Safety	20.600	SA0007	<u>250,331</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u> (continued)			
Passed through San Diego County Probation Department:			
State and Community Highway Safety	20.600	--	\$ 23,791
Passed through State Office of Traffic Safety: ✓			
National Highway Traffic Safety Administration			
State and Community Highway Safety	20.600	AL0836	61,282
Passed through Shasta County Superior Court:			
Alcohol Traffic Safety and Drunk Driving Prevention			
Incentive Grant			
DUI Court Expansion Project	20.601	--	51,379
Total U.S. Department of Transportation			\$ 10,826,805
<u>U.S. Environmental Protection Agency</u>			
Passed through Air Pollution Control Officers Association:			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	CAPCOA / X-999939-01-0	4,880
Total U.S. Environmental Protection Agency			\$ 4,880
<u>U.S. Department of Education</u>			
Passed through State Department of Alcohol and Drug Programs: ✓			
Safe & Drug-Free Schools & Communities State Grants	84.186	SDF03-02	60,659
Total U.S. Department of Education			\$ 60,659
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Alcohol & Drug Prevention:			
Block Grants for Community Mental Health Services	93.958	--	270,629
Block Grants for Prevention & Treatment of Substance			
Abuse	93.959	--	1,293,470
Subtotal Pass-Through			1,564,099

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through the State Department of Mental Health: ✓			
Projects for Assistance in Transition from Homelessness	93.150	--	\$ 53,498
Passed through State Department of Health Services:			
Childhood Lead Poisoning Prevention Projects	93.197	51492	202
Childhood Lead Poisoning Prevention Projects	93.197	51493	15,389
Childhood Lead Poisoning Prevention Projects	93.197	51494	6,782
Immunization Grants	93.268	--	58,487
Centers for Disease Control and Prevention	93.283	--	517,161
Medical Assistance Program:			
Adult Protective Services (Health-related)	93.778	--	594,658
Child Welfare Services (Health-related)	93.778	--	1,377,224
In-Home Supportive Services Admin (Health-related)	93.778	--	1,150,996
Children's Medical Services	93.778	--	483,598
Child Health and Disability Program (CHDP)	93.778	95915	418,850
Medi-Cal Administrative Activities (MAA)	93.778	95918	220,171
Medical Assistance Program Administration	93.778	--	2,805,217
National Bioterrorism Hospital Preparedness program	93.889	--	17,000
Preventive Health Services-Research, Demonstrations, and Public Information and Education	93.978	--	48,823
Preventive Health And Health Services Block Grant:			
Project LEAN (Leaders Encouraging Activity and Nutrition)	93.991	95281	40,000
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53107	70,142
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53115	14,555
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53116	18,383
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53117	69,833
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53118	63,662
Subtotal Pass-Through			7,991,133

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
TANF, KINGAP, Diversion, Emergency Assistance Foster Care-Assistance Payments	93.558 *	--	\$ 11,099,037
TANF, KINGAP, Diversion, Emergency Assistance Foster Care-Administration	93.558 *	--	9,585,083
Subtotal CFDA 93.558			<u>20,684,120</u>
Foster Care - Title IV-E:			
Foster Care - Title IV-E - CWS, Licensing, Foster Parent Training/Recruitment, Options for Recovery	93.658	--	3,244,164
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658	--	2,551,024
Foster Care - Title IV-E (Probation)	93.658	--	2,597,318
Foster Care - Title IV-E SB 933	93.658	--	66,216
CWS OIP (Probation)	93.658	--	22,749
Subtotal CFDA 93.658			<u>8,481,471</u>
Promoting Safe and Stable Families (PSSF)	93.556	--	143,338
Child Welfare Services Title IV-B	93.645	--	136,403
Adoption Assistance	93.659	--	4,096,491
Social Services Block Grant	93.667	--	394,104
Chafee Foster Care Independence Program	93.674	--	100,804
Medical Assistance Program - IHSS Public Authority	93.778	--	327,401
Subtotal			<u>5,198,541</u>
Subtotal Pass-Through			<u>34,364,132</u>
Passed through State Department of Child Support Services: ✓			
Child Support Enforcement	93.563 *	--	<u>5,218,089</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Community Services ✓ and Development:			
Community Services Block Grant	93.569	06F-4746	\$ 139,609
Community Services Block Grant	93.569	08F-4944	98,641
Subtotal CFDA 93.569			<u>238,250</u>
Total U.S. Department of Health and Human Services			<u>\$ 49,429,201</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter National Board Program	97.024	--	2,505
Emergency Management Performance Grants	97.042	--	43,491
Subtotal Direct			<u>45,996</u>
Passed through State Office of Emergency Services:			
State Domestic Preparedness Equipment Support Program:			
State Homeland Security - SHSP (FY 2006)	97.073	--	214,025
Law Enforcement Terrorism Prevention Program - LETPP (FY 2006)	97.074	--	204,441
Law Enforcement Terrorism Prevention Program - LETPP (FY 2007)	97.074	--	36,390
State Homeland Security - SHSP (FY 2007)	97.073	--	122,721
Buffer Zone Protection Program - BZPP (FY 2006)	97.078	--	179,550
Subtotal Pass-Through			<u>757,127</u>
Total U.S. Department of Homeland Security			<u>\$ 803,123</u>
Total Expenditures of Federal Awards Excluding Loans			<u><u>\$ 90,563,808</u></u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Federal Loan Balances With a Continuing Compliance Requirement at Year-End</u>			
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Water and Waste Disposal Systems for Rural Counties	10.760	--	\$ 664,161
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/States Program	14.228	--	3,197,595
Home Investment Partnership Program	14.239	--	<u>5,288,877</u>
Federal Loan Balances with a Continuing Compliance Requirement			<u>9,150,633</u>
Total Expenditures of Federal Awards Including Loans			<u>\$ 99,714,441</u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Shasta. The County of Shasta's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on Generally Accepted Accounting Principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds and grant revenue in the Enterprise funds.

Note 4: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Shasta provided federal awards to subrecipients as follows:

Federal CFDA	Program Title	Amount Provided to Subrecipients
16.575	Child Abuse Treatment Program	\$ 153,396
16.590	Domestic Violence Accountability Program	94,069
20.600	State and Community Highway Safety	12,522
84.186	Safe and Drug-Free Schools and Communities	30,316
93.958	Block Grants for Community Mental Health Services	270,629
93.959	Block Grants – Prevention and Treatment of Substance Abuse	250,054

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Note 5: Program Clusters

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Food Stamp Cluster:</u>		
10.551	Supplemental Nutrition Assistance Program - Food Stamps	\$ 18,700,178
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	762,645
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>1,916,439</u>
	Total	<u>\$ 21,379,262</u>
<u>Child Nutrition Cluster:</u>		
10.553	School Breakfast Program	\$ 51,018
10.555	National School Lunch Program	<u>92,198</u>
	Total	<u>\$ 143,216</u>
<u>Highway Safety Cluster:</u>		
20.600	State and Community Highway Safety	\$ 335,404
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	<u>51,379</u>
	Total	<u>\$ 386,783</u>
<u>Homeland Security Cluster:</u>		
97.073	State Homeland Security – SHSP (FY 2006)	\$ 214,025
97.073	State Homeland Security – SHSP (FY 2007)	122,721
97.074	Law Enforcement Terrorism Prevention Program – LETPP (FY 2006)	204,441
97.074	Law Enforcement Terrorism Prevention Program – LETPP (FY 2007)	<u>36,390</u>
	Total	<u>\$ 577,577</u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Note 6: **Total Federal awards expended by CFDA Number**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards totals all programs under the one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
10.561	\$ 2,679,084
16.738	433,251
20.600	335,404
93.778	7,378,115

Note 7: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County either determined that no identifying number is assigned for the program or was simply unable to obtain an identifying number from the pass-through entity.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2008

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |

4. Identification of major programs:

CFDA Number

Name of Federal Program

10.551	Supplemental Nutrition Assistance Program – Food Stamps
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.228	Community Development Block Grants/ State's Programs
14.239	HOME Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement

COUNTY OF SHASTA

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

Section 1 (continued)

Federal Awards

Summary of Auditor's Results

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,991,433 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

None Reported.

Section 3

Federal Award Findings and Questioned Costs

CFDA 20.205	Finding 08-SA-1
CFDA 93.563	Finding 08-SA-2

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 08-SA-1	<i>Federal Grantor: U.S. Department of Transportation</i>
Highway Planning and Construction	<i>Pass-Through Entity: State Department of Transportation</i>
CFDA 20.205	<i>Compliance Requirement: Reporting</i>
Award No. n/a	<i>Reporting Requirement: Significant Deficiency and Material</i>
Year: 2007/2008	<i>Non-Compliance in Relation to a</i>
	<i>Compliance Requirement</i>
	<u>Criteria</u>
	According to the Statement on Auditing Standard No. 112, Communicating Internal Control Related Matters Identified in an Audit (SAS 112), applies to the Department's fiscal audit. The standard provides guidance in that if an entity is unable to draft its own financial statements or detect and correct errors in statements compiled by others, there may be a material weakness or significant deficiency. External auditors cannot be part of the Department's internal controls, including controls over the preparation of the financial statements, and are prohibited from auditing their own work as doing so impairs their independence.
	The Schedule of Expenditures of Federal Awards (SEFA), while not a part of the basic financial statements, is audited in relation to the basic financial statements, in accordance with the requirements of OMB Circular A-133.
	<u>Condition</u>
	During our audit we observed that total federal expenditures for the Airport Road project (County project number 703912 and federal project number BRLS-5906 (055) were under reported by the County. The County reported the federal expenditures for these projects at \$5,335,422, while the correct number was \$7,250,759. Federal expenditures were, therefore, under reported on the Highway Planning and Construction grant by \$1,915,337.
	<u>Questioned Costs</u>
	No costs are questioned.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 08-SA-1 (continued)	<u>Perspective</u>
Highway Planning and Construction CFDA 20.205	We do not believe any further information would provide better perspective.
	<u>Effect of Condition</u>
	Not being able to properly identify all federal expenditures by program at the Department level could cause a material misstatement on the Schedule of Expenditures of Federal Awards. This could lead to action by federal and state grantor agencies, and may result in additional audit costs if the misstated information leads to changes in audit requirements.
	<u>Recommendation</u>
	The current financial system the County is using includes a "Project Accounting System". We recommend that all of the County Departments use this project accounting system to track the grant activity. A separate project number should be used for each grant.
	<u>Corrective Action Plan</u>
	The Department, in preparing the Schedule of Federal Awards, will be more diligent in reviewing accruals when reconciling to the general ledger.
	The contact person for this corrective action plan is Ken Cristobal, Staff Services Manager. His telephone number is 530-225-5661.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 08-SA-2	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Child Support	<i>Pass-Through Entity: State Department of Child Support Services</i>
Enforcement	<i>Compliance Requirement: Special Tests -- Medical Support Obligations</i>
CFDA 93.563	<i>Reporting Requirement: Material Weakness; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>
Award No. n/a	
Year: 2007/2008	

Criteria

The Child Support Department (Department) must attempt to secure medical support information, and establish and enforce medical support obligations for all individuals eligible for services under 45 CFR section 302.33. Specifically, the Department must determine whether the custodial parent and child have satisfactory health insurance other than Medicaid. If not, the Department must petition the court or administrative authority to include medical support in the form of health insurance coverage and/or cash medical support in all new or modified orders for support be provided by either or both parents. The Department is also required to establish written criteria to identify cases not included above, where there is a high potential for obtaining medical support based on: (a) available evidence that health insurance may be available to either or both parents at reasonable cost, and (b) facts (as defined by the State) which are sufficient to warrant modification of an existing support order to include health insurance coverage for a dependent child(ren). For cases meeting the established criteria, the agency shall petition the court or administrative authority to modify support orders to include medical support in the form of health insurance coverage and/or payment for medical expenses incurred on behalf of the child (45 CFR sections 303.31(b)(1)-(4) and DRA, Section 7307).

Condition

We tested 24 cases and noted one case where medical support obligations were not established and enforced.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 08-SA-2 (continued)	<u>Questioned Costs</u> No costs are questioned.
Child Support Enforcement CFDA 93.563	<u>Perspective</u> The exception rate in the sample was 4%. <u>Effect of Condition</u> Securing and enforcing medical support obligations for the custodial parent and child(ren) is a vital function of this Department. Failure by the Department to secure and enforce such obligations could cause the federal government to be liable for the medical care costs through the Medi-Cal program. <u>Recommendation</u> The Child Support Department currently has procedures in effect to ensure that medical support obligations are secured and enforced. We recommend that the Child Support Department review the above exception and determine what went wrong and determine if additional procedures can be implemented to prevent recurrence of events such as occurred here. <u>Corrective Action Plan</u> To prevent future cases from failing medical support compliance, refresher training will be provided to staff by January 15, 2009, with emphasis on the following: <ul style="list-style-type: none">• All orders for support must contain a provision for health insurance. The order must state that a health assignment shall issue.• When a new case is opened with an existing order that does not contain a provision for health insurance, the case manager shall refer the case to the Legal Team for modification to include the medical language.• The National Medical Support Notice (NMSN) is the recommended instrument for enforcing medical support. The NMSN shall be served on the employer or group administrator

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

Finding/Program	Findings/Noncompliance
Finding 08-SA-2 (continued)	<u>Corrective Action Plan</u> (continued)
Child Support Enforcement CFDA 93.563	<ul style="list-style-type: none">• within 30 days of the court order or 30 days within a change in employment status. The case manager will monitor for compliance and will take follow up action to ensure compliance with the health insurance provision. <p>To ensure compliance with securing and enforcing medical support obligations, a random review of new cases opened will be audited for compliance in this area. Following refresher training, a minimum of 10 cases per month over the next 90 days will be reviewed.</p> <p>The contact person for this corrective action plan is Terri Love, Director. Her telephone number is 530-229-8896.</p>

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 07-SA-1	<u>Recommendation</u>
Section 8 Housing Choice Vouchers CFDA 14.871 Award No. n/a Year: 2006/2007	We recommend that the Department implement procedures for the preparation of the personnel activity reports or an acceptable alternative as defined by OMB Circular A-87 Attachment B § 8(h)(6), for all employees with personnel time charged to the program which is less than 100% of their total personnel time. Electronic spreadsheets could facilitate the preparation of these reports as long as the final reports are signed by the employee. For greater flexibility, the Department may wish to consider developing and implementing an indirect cost rate proposal in accordance with OMB Circular A-87 Attachment E. Such a proposal could be implemented in lieu of personnel activity reports or other timekeeping methods for employees, but could be used where the employees work only on a single indirect cost activity. <u>Status</u> Implemented.
Finding 07-SA-2	<u>Recommendation</u>
Airport Improvement Program CFDA 20.106 Award Nos. AIP 3-06-0077-04 AIP 3-06-0077-06 AIP 3-06-0077-07 Year: 2006/2007	We recommend that the Department develop a procedure to calculate and return interest earned on federal funds in excess of \$100 to the federal grantor, unless instructed otherwise. Further, if the Department wishes to draw federal funds in advance, we recommend that draws be requested only when the Department is prepared to disburse those funds immediately upon receipt. <u>Status</u> Implemented.

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings Federal Award Findings and Questioned Costs For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 07-SA-3	<u>Recommendation</u>
Child Support Enforcement CFDA 93.563	The Child Support Department currently has procedures in effect to ensure that time frames are met for establishment of paternity and support obligations. We recommend that the Child Support Department review the above exceptions and determine what procedures can be implemented to prevent recurrence of similar events. Such procedures might include a directive to workers to send cases out for service rather than waiting if information that is helpful but not essential to the process is proving elusive.
Award No. n/a Year: 2006/2007	<u>Status</u>
	Not implemented.

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings Financial Statement Findings For the Year Ended June 30, 2008

Audit Reference Number	Status of Prior Year Audit Findings
Finding 07-FS-1	<u>Recommendation</u>
Revenue Recognition	We recommend that the Auditor-Controller's Office modify its year-end closing process to include the review of all significant receivables proposed by departments to ensure all revenue recognition requirements are met before recording the accruals in the fund financial statements.
	<u>Status</u>
	Implemented.

**SUPPLEMENTARY STATEMENTS
OF GRANT REVENUE AND EXPENDITURES**

COUNTY OF SHASTA

Supplementary Statements of Grant Expenditures For the Year Ended June 30, 2008

Office of Emergency Services Grants

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2008. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
<u>VW07260450 - Victim Witness Assistance</u>						
Personal services	\$ 192,512	\$ 188,733	\$ 381,245	\$ 83,732	\$ 105,001	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 192,512</u>	<u>\$ 188,733</u>	<u>\$ 381,245</u>	<u>\$ 83,732</u>	<u>\$ 105,001</u>	<u>\$ --</u>
<u>AT06030450 - Child Abuse Treatment</u>						
Personal services	\$ 677	\$ 115	\$ 792	\$ 115	\$ --	\$ --
Operating expenses	103,819	75,661	179,480	55,363	--	20,298
Equipment	--	6,370	6,370	6,370	--	--
Totals	<u>\$ 104,496</u>	<u>\$ 82,146</u>	<u>\$ 186,642</u>	<u>\$ 61,848</u>	<u>\$ --</u>	<u>\$ 20,298</u>
<u>AT07040450 - Child Abuse Treatment</u>						
Personal services	\$ --	\$ 233	\$ 233	\$ 233	\$ --	\$ --
Operating expenses	--	107,270	107,270	100,808	--	6,462
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 107,503</u>	<u>\$ 107,503</u>	<u>\$ 101,041</u>	<u>\$ --</u>	<u>\$ 6,462</u>
<u>VB07050450 - Vertical Prosecution Block Program</u>						
Personal services	\$ 218,781	\$ 204,615	\$ 423,396	\$ --	\$ 204,615	\$ --
Operating expenses	82,268	44,891	127,159	--	44,891	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 301,049</u>	<u>\$ 249,506</u>	<u>\$ 550,555</u>	<u>\$ --</u>	<u>\$ 249,506</u>	<u>\$ --</u>
<u>DC07200450 - Shasta Interagency Narcotics Task Force</u>						
Personal services	\$ 258,690	\$ 97,300	\$ 355,990	\$ 97,300	\$ --	\$ --
Operating expenses	106,009	76,732	182,741	76,732	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 364,699</u>	<u>\$ 174,032</u>	<u>\$ 538,731</u>	<u>\$ 174,032</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF SHASTA

Supplementary Statements of Grant Expenditures For the Year Ended June 30, 2008

Office of Emergency Services Grants (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
<u>MS07180450 - Marijuana Suppression Program</u>						
Personal services	\$ 302,221	\$ 150,002	\$ 452,223	\$ 150,002	\$ --	\$ --
Operating expenses	10,017	27,167	37,184	27,167	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 312,238</u>	<u>\$ 177,169</u>	<u>\$ 489,407</u>	<u>\$ 177,169</u>	<u>\$ --</u>	<u>\$ --</u>

California Department of Corrections and Rehabilitation Grants

The following represents expenditures for the California Department of Corrections and Rehabilitation programs for the year ended June 30, 2008. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
<u>CSA 116-07 - Juvenile Accountability Block Grants</u>						
Personal services	\$ 15,114	\$ 14,059	\$ 29,173	\$ 12,653	\$ 1,406	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 15,114</u>	<u>\$ 14,059</u>	<u>\$ 29,173</u>	<u>\$ 12,653</u>	<u>\$ 1,406</u>	<u>\$ --</u>

COUNTY OF SHASTA

Supplementary Statement of Grant Revenue and Expenditures CSD Contract No. 06F-4746 For The Period January 1, 2006 through December 31, 2007

	January 1, 2006 through June 30, 2006	July 1, 2006 through June 30, 2007	July 1, 2007 through December 31, 2007	Totals
<u>Revenue</u>				
Grant revenue	\$ 88,936	\$ 206,798	\$ 139,609	\$ 435,343
<u>Expenditures</u>				
Administrative Costs:				
Salaries and wages	\$ 22,052	\$ 36,491	\$ 22,329	\$ 80,872
Fringe benefits	8,662	13,784	9,204	31,650
Operating Expenses & Equipment	25,638	80,173	46,526	152,337
Out-of-State Travel	584	--	--	584
Subtotal Administrative Costs	56,936	130,448	78,059	265,443
Program Costs:				
Subcontractor Services	32,000	76,350	61,550	169,900
Total Expenditures	\$ 88,936	\$ 206,798	\$ 139,609	\$ 435,343

Note: The 06F-4746 contract period was extended from 12/31/06 to 12/31/07.

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures CSD Contract No. 08F-4944 For The Period January 1, 2008 through December 31, 2008

	January 1, 2008 through June 30, 2008	July 1, 2008 through December 31, 2008	Totals
<u>Revenue</u>			
Grant revenue	\$ 98,641	\$ --	\$ 98,641
Total Revenue	<u>\$ 98,641</u>	<u>\$ --</u>	<u>\$ 98,641</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 24,554	\$ --	\$ 24,554
Fringe benefits	11,030	--	11,030
Operating Expenses & Equipment	38,157	--	38,157
Out of State Travel	--	--	--
Subtotal Administrative Costs	<u>73,741</u>	<u>--</u>	<u>73,741</u>
Program Costs:			
Subcontractor Services	24,900	--	24,900
Subtotal Program Costs	<u>24,900</u>	<u>--</u>	<u>24,900</u>
Total Expenditures	<u>\$ 98,641</u>	<u>\$ --</u>	<u>\$ 98,641</u>